GOVERNMENT OF INDIA
FINANCE
LOK SABHA

STARRED QUESTION NO:195
ANSWERED ON:24.08.2007
WORLD BANK REPORT
Naik Shri Shripad Yasso;Patil Smt. Rupatai Diliprao Nilangekar

Will the Minister of FINANCE be pleased to state:

(a) whether the World Bank has made any report on the decline of investments in India due to policy bottlenecks;

(b) if so, the details thereof;

(c) whether any suggestions have been made in the report for accelerating the rate of investment in India; and

(d) if so, the details thereof alongwith the reaction of the Government thereto?

Answer

MINISTER OF THE STATE IN THE MINISTRY OF FINANCE (SHRI P. CHIDAMBARAM)

(a) to (d) A statement is laid on the table of the House.

STATEMENT REFERRED TO IN REPLY TO LOK SABHA STARRED QUESTION NUMBER 195 (POSITION NUMBER 15) FOR ANSWER ON AUGUST 24, 2007 BY SHRI SHRIPAD YESSO NAIK: SHRIMATI RUPATAI DILIPRAO NILANGAKAR PATIL REGARDING `WORLD BANK REPORT`

(a) and (b): The World Bank in its Global Development Finance Report 2007 has, inter alia, observed that `In India, more restrictive policy conditions are expected to lead to deceleration in investment growth and weaker private consumption and government spending, contributing to a slowdown in GDP growth to 7.8 per cent and 7.5 percent in 2008 and 2009, respectively.`

(c) and (d): The Global Development Finance Report 2007 covers the Outlook for all Developing countries in a global context and is not exclusively on India. In regard to developing countries as a group the report suggests that good economic policies need to be sustained and extended for managing adjustment. The report highlights the need for greater efforts to spur the development of well-regulated and liquid local capital markets that provide developing countries with sound protection against external shocks and ensure prudential regulation of foreign borrowing by domestic banks and other regulated financial entities.